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June 22, 1998

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**SUBJECT: 1998 WHOLESALE PARTNERS PROGRAM (2nd HALF)
Guidelines and Approval Process**

Over the last 8 months we have been preparing for a fully automated tracking of promotional performance on Partners Category III earnings. During this time we have repeatedly stressed the importance of proper promotional reporting by our direct accounts and the linkage to earning Category III payments beginning in 2nd Half 1998.

Effective July 6, 1998, the automated tracking system will establish a direct accounts earnings performance on Category III payments for 2nd Half Wholesale Partners. Under normal circumstances accounts reporting promotion performance accurately will earn payments based on the Wholesale Partner Category III requirements. In some instances, it may be necessary to override the automated tracking due to solid business reasons. The following guidelines are intended to address override needs based on these business exceptions.

**1998 Wholesale Partners - 2nd Half
Category III Override Guidelines**

No AVP Approval Required (standard override)

- Allocation changes effecting performance % (i.e. late shift of allocations to account...)
- Retail refusals
- Trans-shipments
- Chain commitments effecting performance % (i.e. chain cancelled promotion, not D/A's fault...)
- Late receiving of allocation (i.e. RJR fault...)
- RJR/MSA errors

*Standard override is accomplished by adjusting % achieved in T28 screen to correspond to correct performance level.

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AVP Staff Approval (exception override)

- Reporting errors

If override is approved, payment earned will be adjusted as follows:

- Account performed at 70% - 79% level = no override/payment -0-
- Account performed at 80% - 89% level = 1¢ payment
- Account performed at 90%+ level = 2¢ payment

*Exception override is accomplished by adjusting % achieved to proper % level.
Cents per carton earning rate will adjust automatically.

* Requests for exceptions should be submitted to Don for review.

Proper reporting and execution of promotions will maximize the intended sales impact and sell through and enhance our direct accounts sales and turn rates, in addition to earnings levels on Wholesale Partners. Please ensure these guidelines are communicated to your personnel with direct account responsibility for the approval and processing of Category III earnings.

Sincerely,

Dave

98020DW/di

cc: J. V. Maguire

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